Investor Update 2016 ›

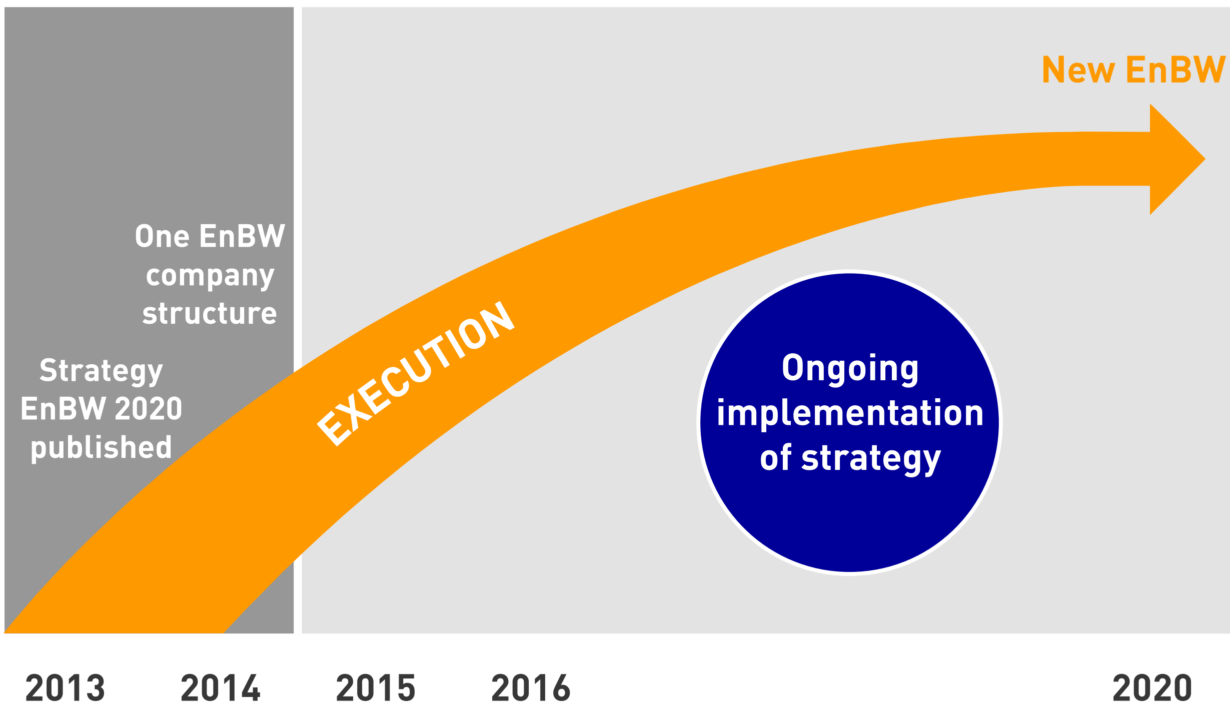
Delivering on strategy with strong business risk profile

EnBW Energie
Baden-Württemberg AG

April 2016

EnBW

EnBW is delivering on its promises

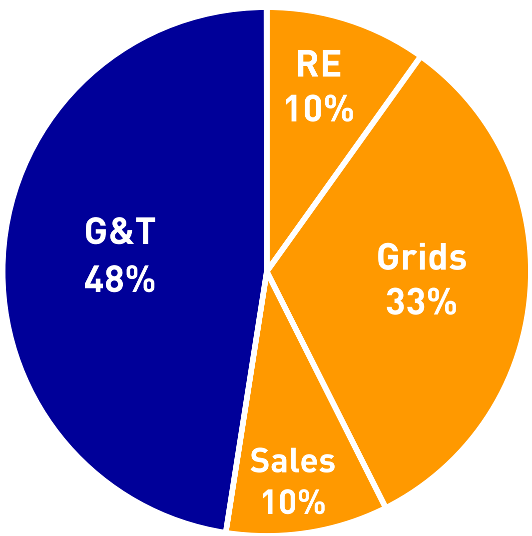


- ✓ 70% share of low-risk business
- ✓ €2.4 bn adj. EBITDA
- ✓ Financial capability

Confirmation of EnBW 2020 strategy in a challenging environment

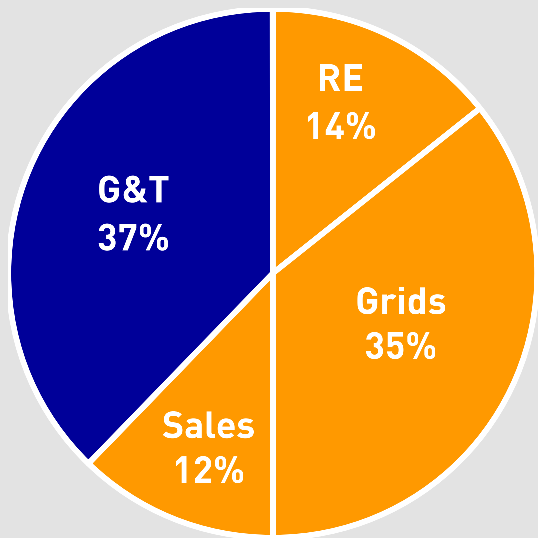
Adjusted EBITDA

2012[1]



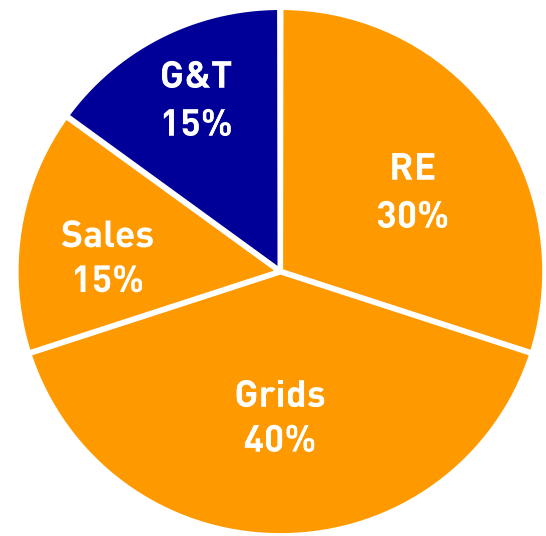
€ 2.4 bn

2015[2]



€ 2.1 bn

2020



€ 2.4 bn

RE (Renewable Energies); G&T (Generation and Trading)

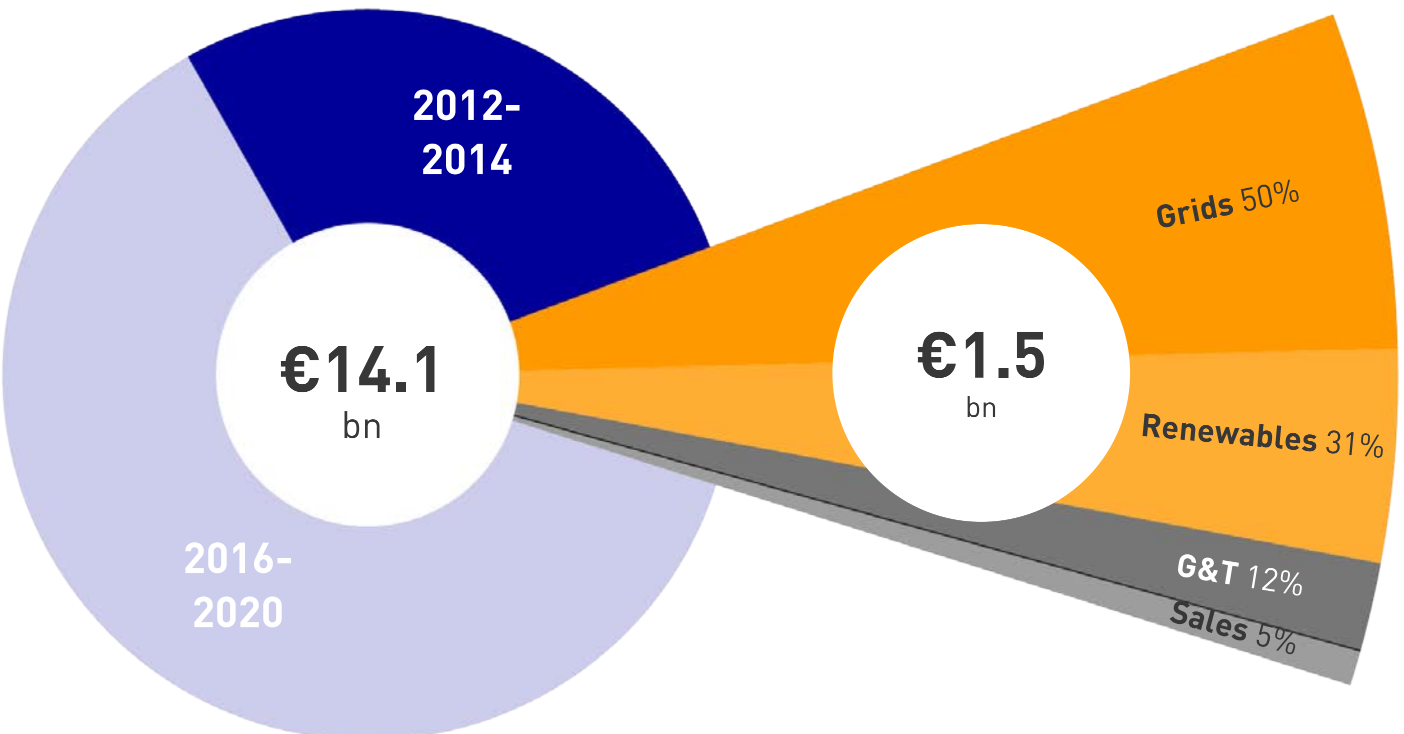
[1] Other/consolidation accounts for -1% of the overall adjusted EBITDA

[2] Other/consolidation accounts for +2% of the overall adjusted EBITDA

Focus on expansion of low risk business with stable CFs

Total investment
2012 - 2020

Investment
2015



Other 2%

Business portfolio streamlined and efficiently designed

Main divests

2012
- **Coal-fired power** station Rybnik: €0.3 bn

2013

2014
- **Grids** as part of remunicipalisation
- Participation models, mainly **onshore wind**

2015
- 49.8% of wind **offshore farm** Baltic 2: €0.7 bn

2016
- **Cogeneration plant** Eisenhüttenstadt
- 26% of shareholding in **EWE**

We continue to deliver on growth investments in low-risk business

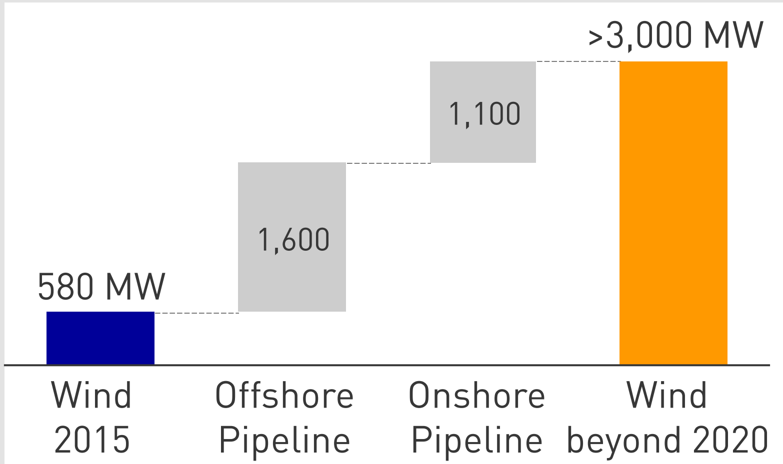
Renewables

Baltic 2

In operation (288 MW)

Turkey JV

Strong footprint (360 MW)



Grids

Upgrade

Distribution grid ongoing

Gas

Commissioning of the North Black Forest pipeline in 2016

Electricity

Transmission grids ULTRANET and SuedLink ahead

We continue to deliver on efficiency and effectiveness

Sales

Margin

Earnings pressure partially compensated by new services ✓

Innovation

Consistent innovation strategy in place ✓

Digitalisation

Digitalisation as integral part ✓

Generation & Trading

Margin

Margin pressure partially mitigated with efficiencies ✓

Regulation

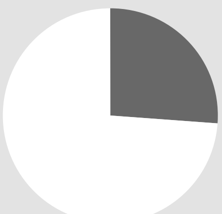
Power plants under regulatory regime ✓

Efficiency

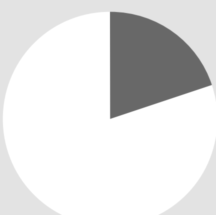
Further efficiency measures to compensate price development ✓

Substantial reinforcement of EnBW's gas business position in 2017

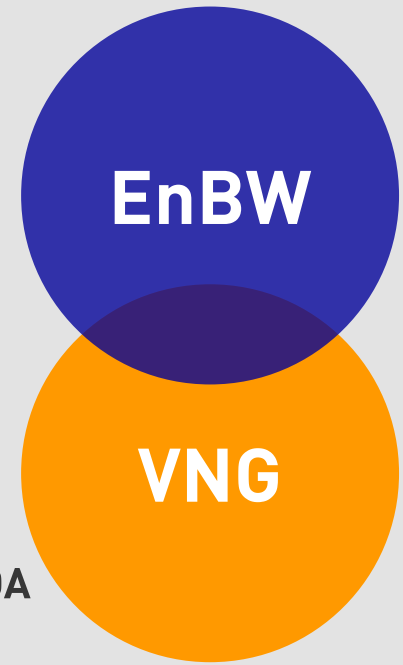
- >50% of VNG's business **regulated**



- EnBW and VNG with 26% **market share** of gas supply in Germany



- 20% contribution of EnBW's future adj. **EBITDA** from gas business

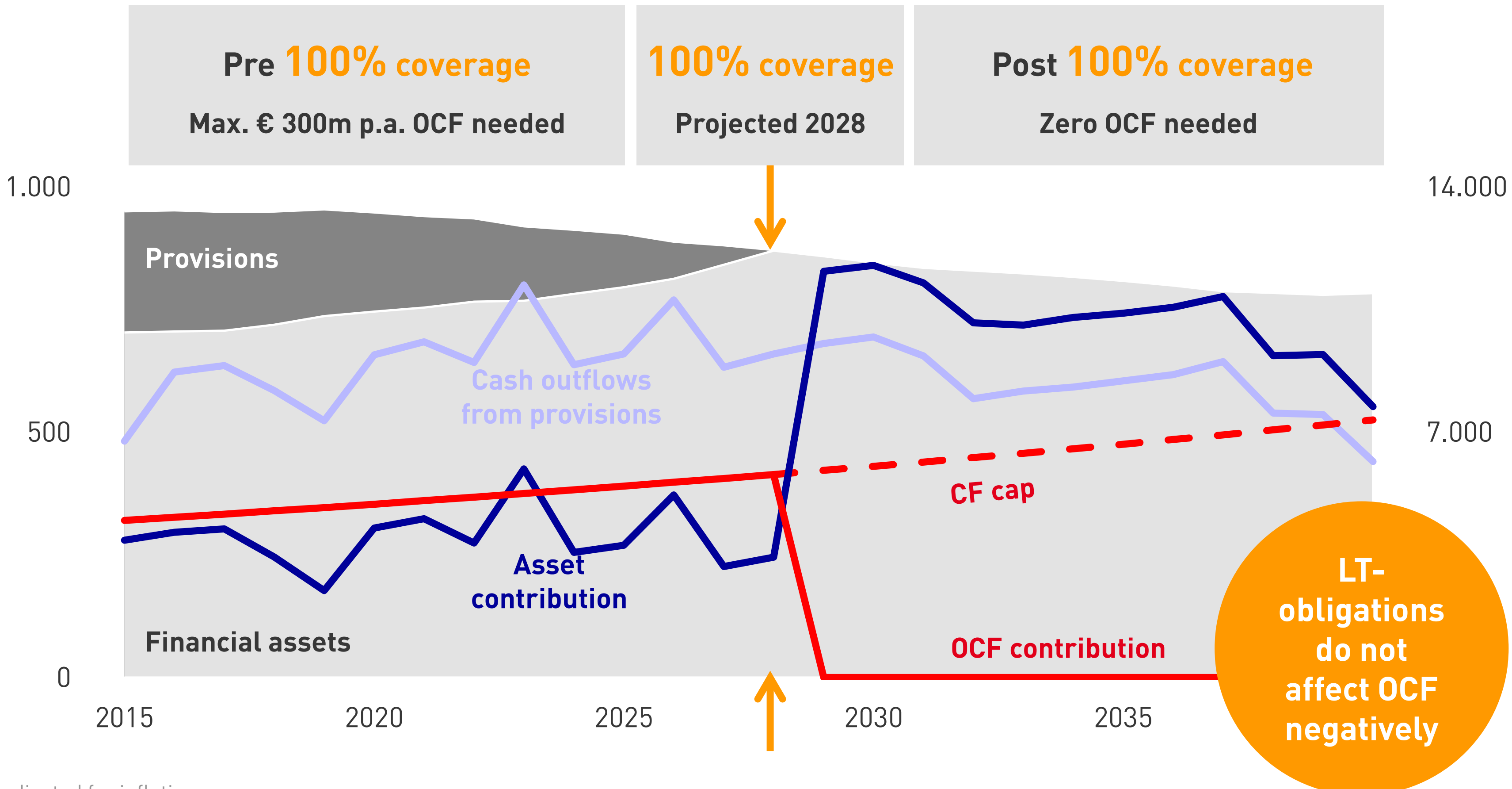


- Top 3 player in German gas market
- Business diversification
- Cross selling opportunities

EnBW is best positioned with regard to nuclear provisions

EnBW's CF-based Asset Liability Management

in € million



[1] adjusted for inflation

Continued strong financials in 2016

Low-risk business (Grids, Renewable Energies)

	Group	Sales	Grids	Renewable Energies	Generation & Trading	Dynamic leverage ratio
Adj. EBITDA 2015	€2.1 bn	€255 m	€747 m	€287 m	€777 m	3.19
Outlook 2016	**-5** to **-10**%	**< -20**%	**> +20**%	**+10** to **+20**%	**< -20**%	**3.2** to **3.6**

EnBW is a strong partner in the capital markets

- Commitment to strong IG rating
- Dividend and capex flexibility
- Solid funding policy – diversified, well-spread maturities, hybrid capital support

EnBW proves to be resilient

- Delivering on strategy 2020
- Strong business risk profile
- Stable shareholder structure
- Limited impact of nuclear obligations

Questions & Answers

Appendix

EnBW at a glance[1]

- Revenue: €21 bn
- Adj. EBITDA: €2.1 bn
- Adjusted group net profit: €952 m

- Customers: 5.5 m
- Employees: 20,000

EnBW

Electricity

Gas

Fully integrated utility along the value chain[2]

- Number 3 in Germany
- Reliable shareholder structure
- Lowest CO_2 emissions in Germany

Sales
Revenue: €9 bn
Adj. EBITDA: €255 m

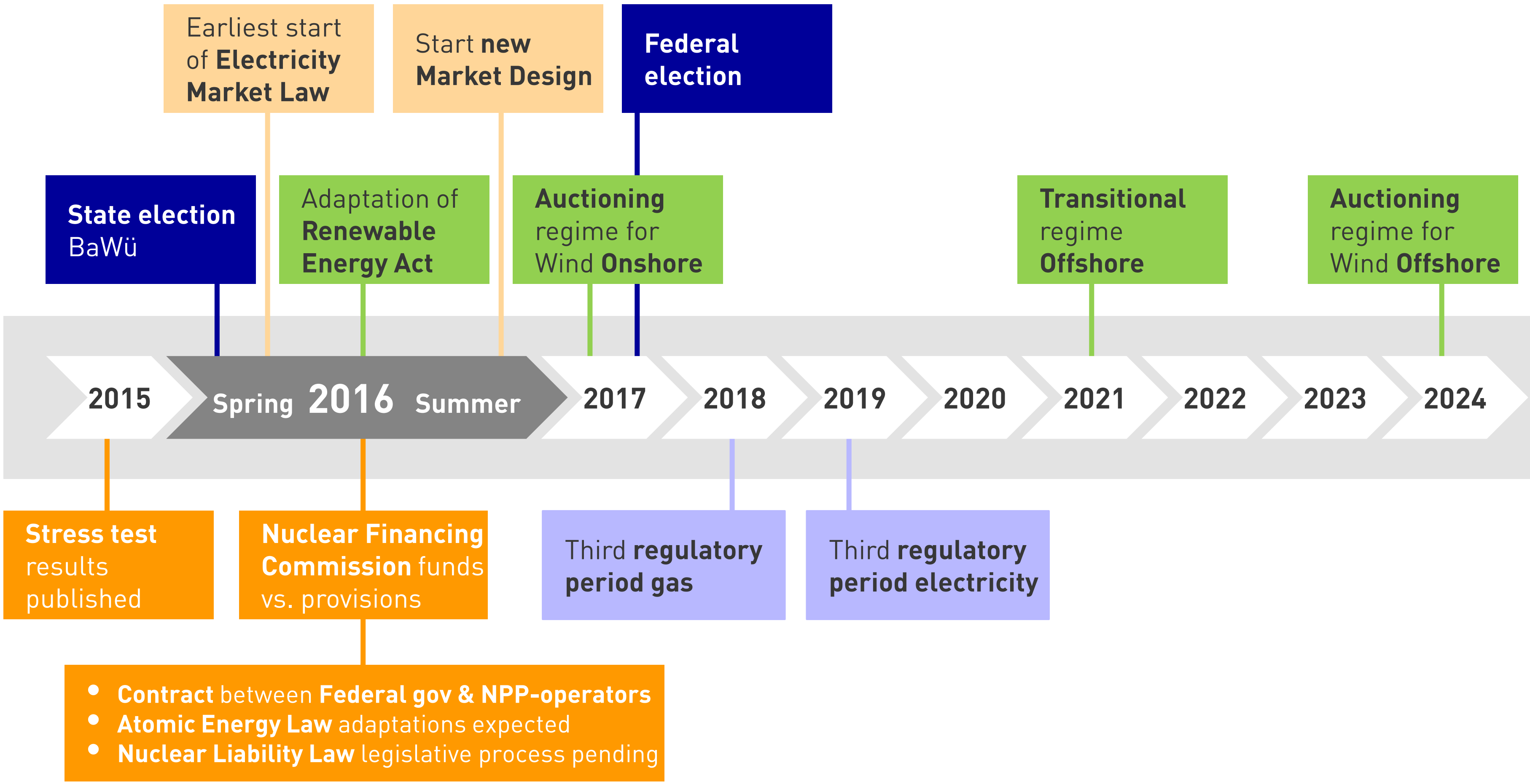
Grids
Revenue: €6 bn
Adj. EBITDA: €747 m
Transport volume electricity: 65 bn kWh

RE
Revenue: €0.4 bn
Adj. EBITDA: €287 m
Generation: 7 TWh
Capacity: 1.5 GW

Generation & Trading
Revenue: €5 bn
Adj. EBITDA: €777 m
Generation: 49 TWh
Capacity: 11 GW

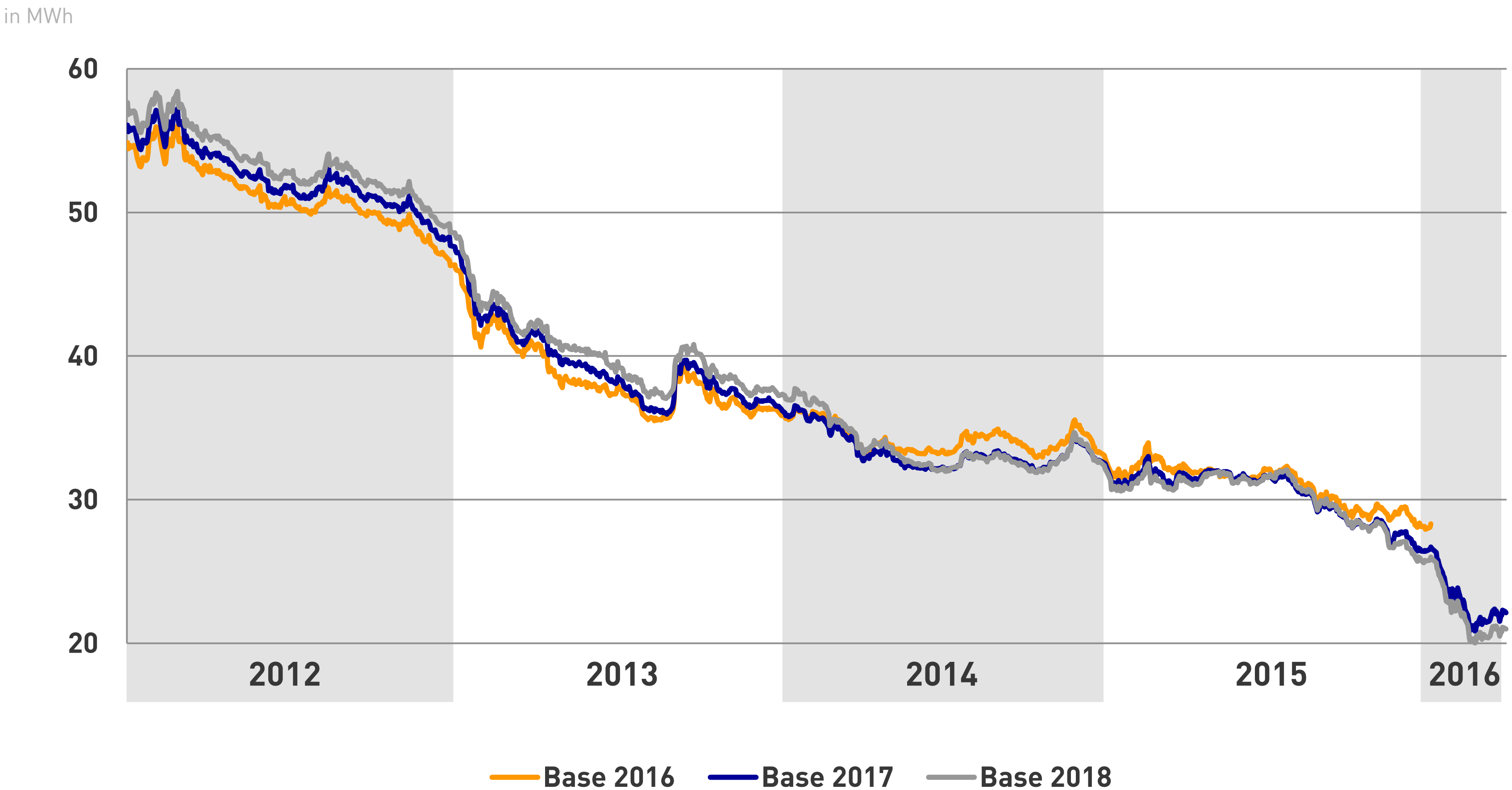
[1] Figures 2015
[2] Subject to full consolidation of VNG

Summary of market and regulatory developments



Wholesale forward price declined dramatically

Forward price for electricity baseload in Germany

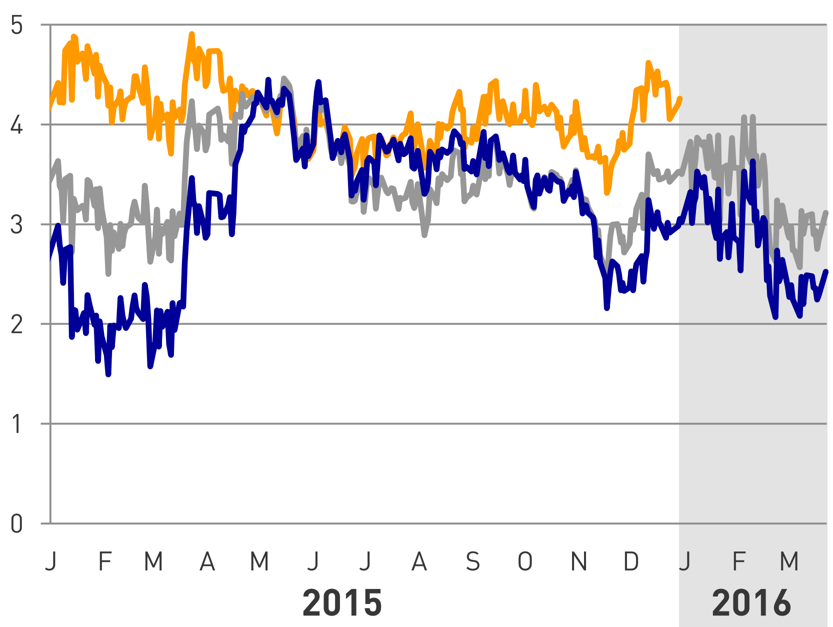


CDS at ~3 €/MWh and negative prices for CSS

Clean-Dark-Spread Base

in €/MWh

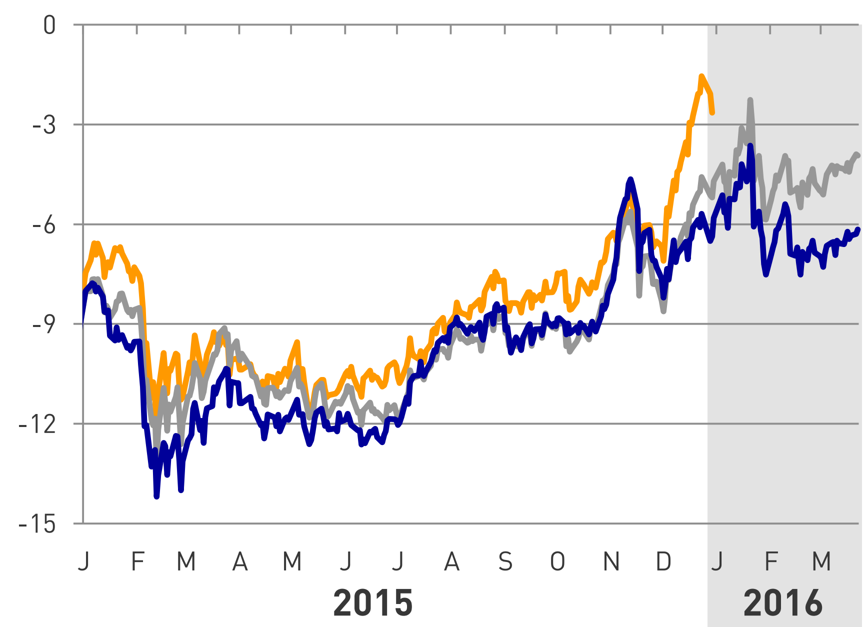
- Gross margin of a coal-fired power plant (plant efficiency: 36%)



Clean-Spark-Spread Peak

in €/MWh

- Gross margin of a gas-fired power plant (plant efficiency: 50%)

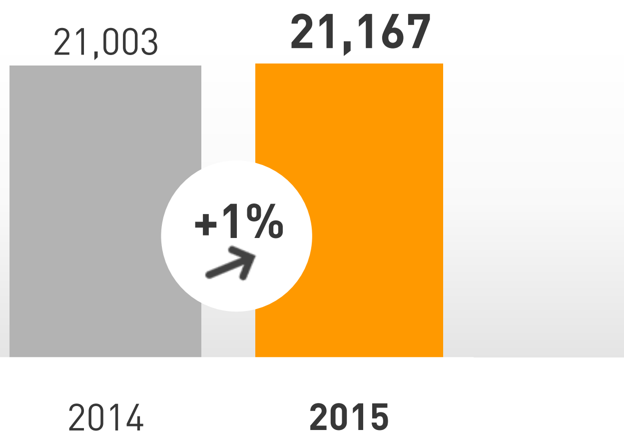


2016 2017 2018

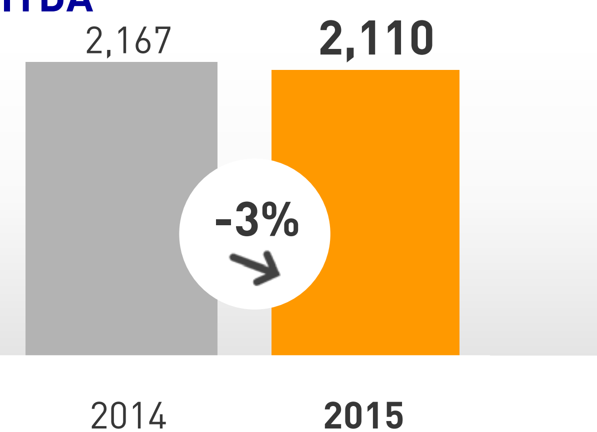
Data as of March 23th 2016
Clean-spark-spread represents the net revenue a generator makes from selling power, having bought gas and the required number of carbon allowances.
Clean-dark-spread refers to an analogous indicator for coal-fired generation of electricity.

Fiscal year 2015 –
Results in line with expectations

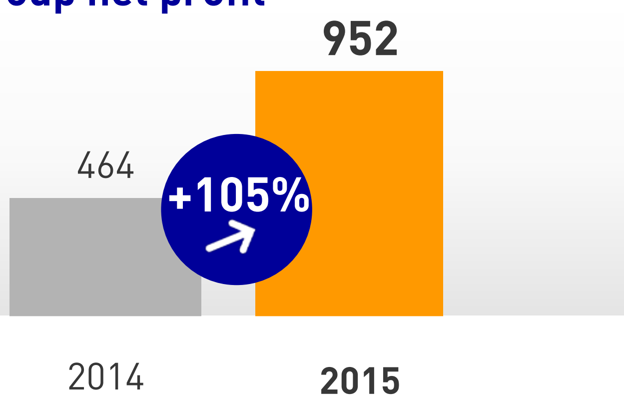
Revenue
in € million



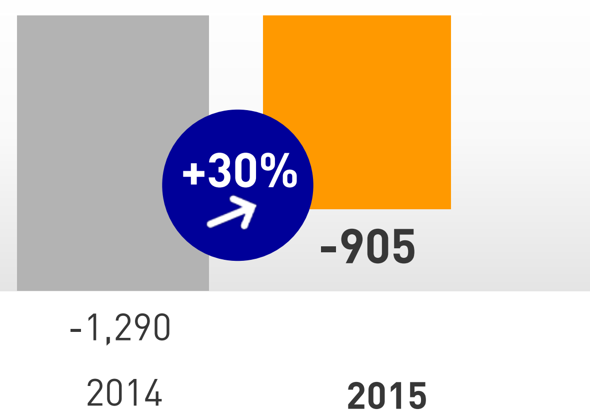
Adjusted EBITDA
in € million



Adjusted group net profit[1]
in € million



Non-operating EBIT
in € million



[1] Of which profit/loss shares attributable to the shareholders of EnBW AG

Electricity prices development with negative impact on non-operating EBIT

EnBW

Addition to provisions for onerous contracts for electricity procurement agreements	-	€ **-295** m
Net balance profits & expenses	+	€ **+104** m
Extraordinary write-downs Mainly on power plants	-	€ **-714** m

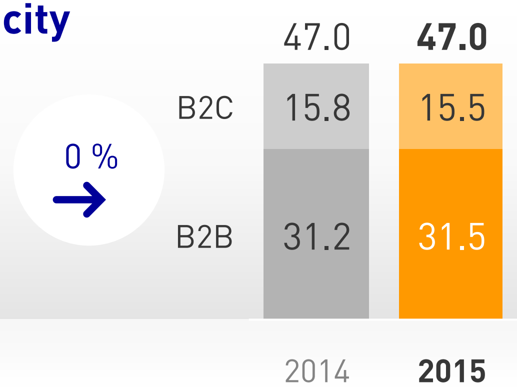
Non-operating EBIT

€ -905 m

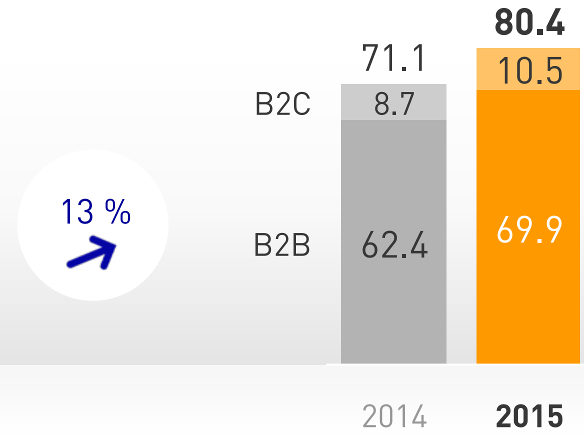
Sales – Profit increase due to higher gas sales

Sales volume in TWh

Electricity

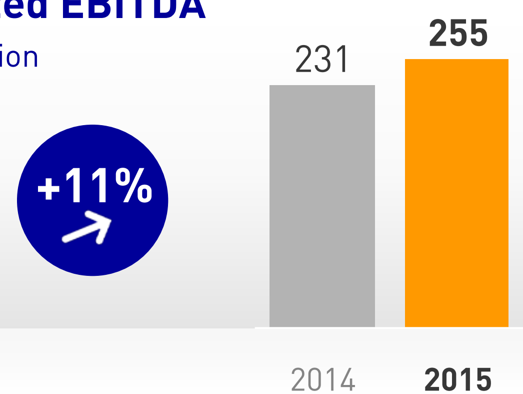


Gas



Adjusted EBITDA

in € million

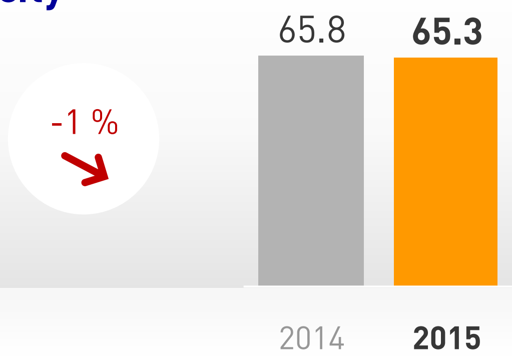


+ Temperature-related higher earnings in gas business

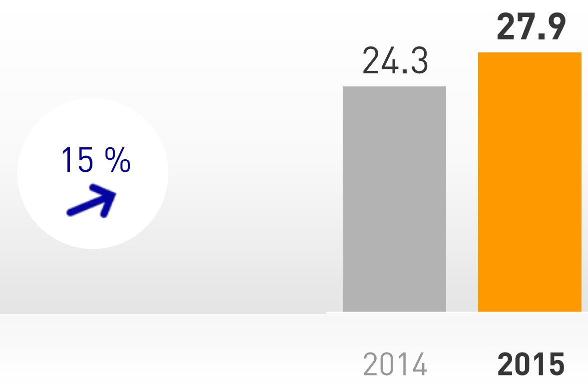
Grids – Planned staff increase and negative one-off effects

Transmission volume in TWh[1]

Electricity

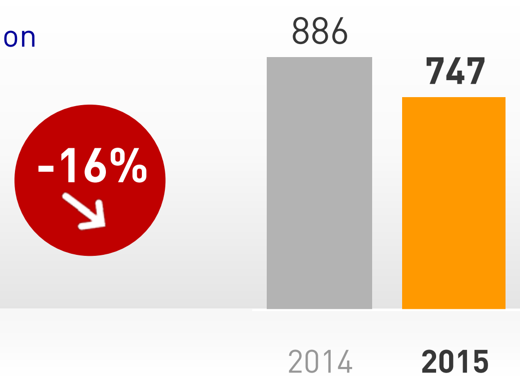


Gas



Adjusted EBITDA

in € million



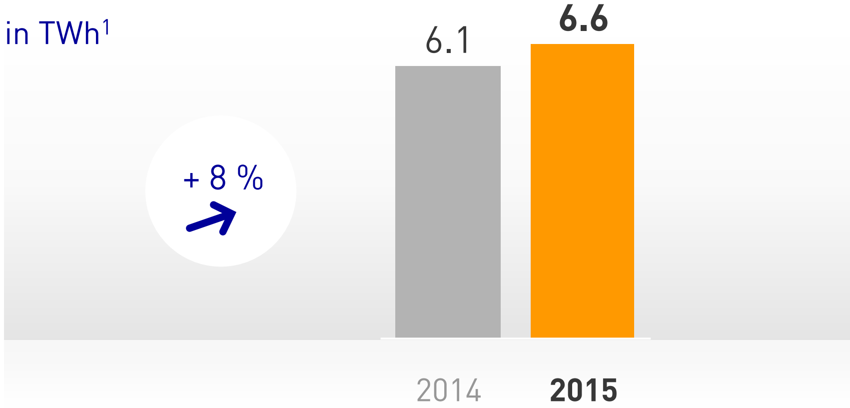
- (+) Temperature-related increased gas transmission volumes
- (–) Reduced earnings relating to the new contract arrangement with the City of Stuttgart
- (–) Planned staff increase in the light of grid expansion
- (–) One-off effects
  - Expenses for compensation payments as part of the management of transmission losses
  - Higher expenses for the decentralised feed-ins
  - Price adjustment for water price in Stuttgart

[1] Distribution only

Renewable energies – Increase in profits mainly due to Baltic 2

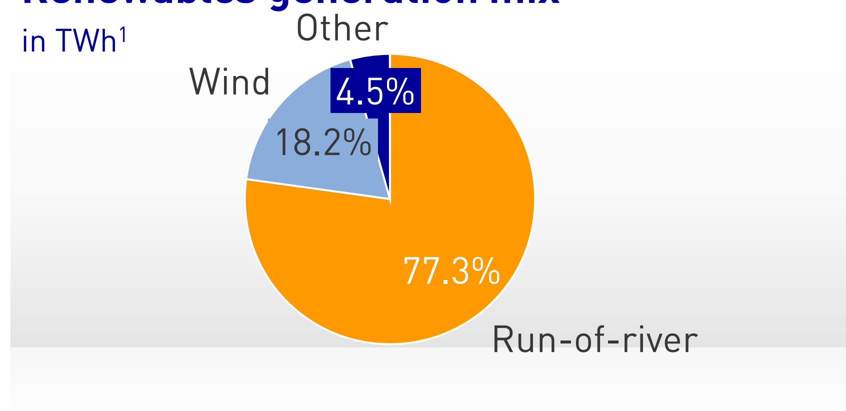
Generation volume

in TWh[1]



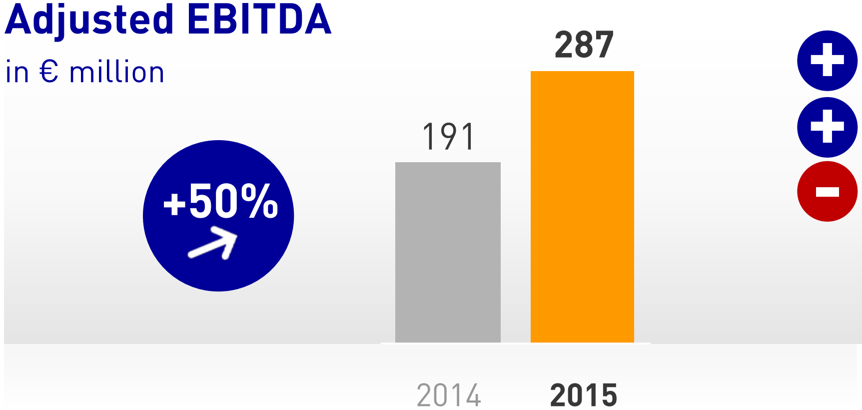
Renewables generation mix

in TWh[1]



Adjusted EBITDA

in € million



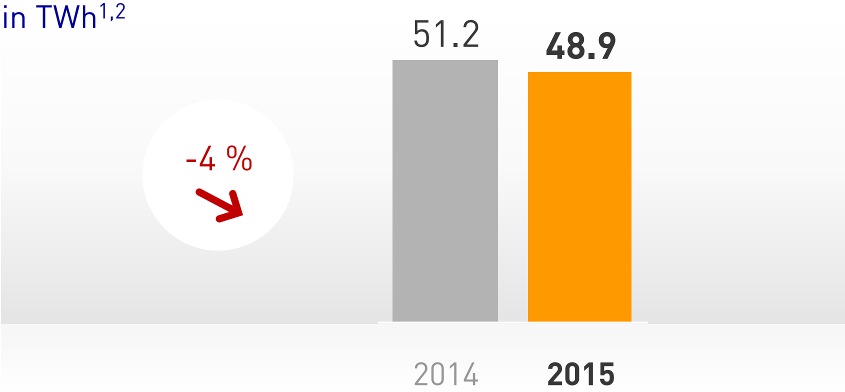
- ➕ Full commissioning of Baltic 2 end of September 2015
- ➕ Moderate commissioning of onshore wind farms
- ➖ Decreased margins for run-of-river power plants

[1] Includes long-term procurement agreements and generation from partly owned power stations; the figures indicated are taken from the segments; segment excludes generation from pump storage plants that is associated in the generation and trading segment

Generation & Trading – Decreasing profitability

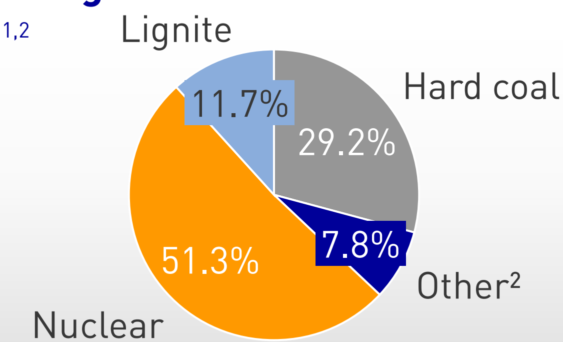
Thermal generation volume

in TWh[1,2]



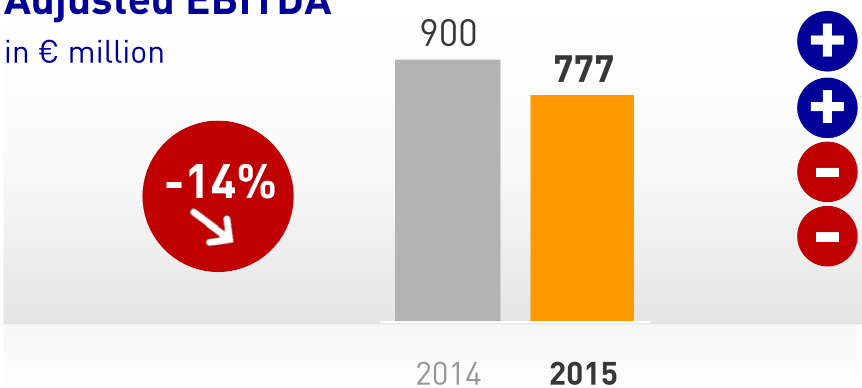
Thermal generation mix

in TWh[1,2]



Adjusted EBITDA

in € million



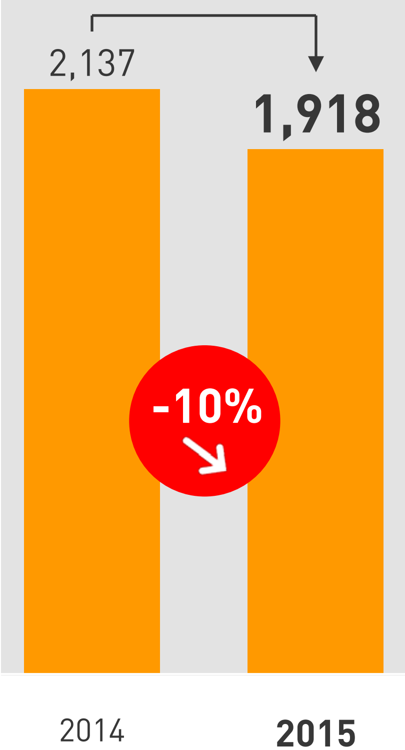
- (+) Increased efficiency and expenditure discipline
- (+) Reimbursement of cost due to Ordinance on Reserve Power Plants
- (–) Decreased prices and spreads for electricity on the wholesale market
- (–) Expired contract for electricity procurement in the area of nuclear

[1] Includes long-term procurement agreements and generation from partly owned power stations; the figures indicated are taken from the segments
[2] Segment includes pump storage plants

Increase in FFO mainly attributable to tax refunds as well as lower tax payments

EBITDA

in € million

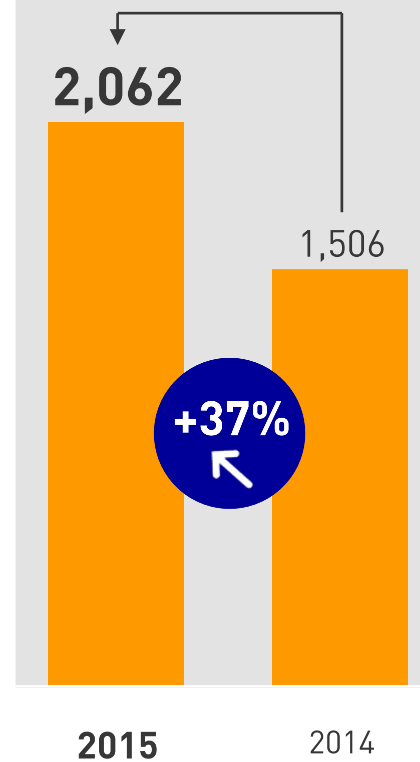


Provisions	+146
Taxes	+112
Non-cash items	-120
Net interest/ dividends received	+6

in € million

FFO

in € million



Adjusted net debt reduction mainly driven by partial sale of EnBW Baltic 2 and positive RCF

EnBW

Adj. Net Debt 2014
in € million

7,983

FFO -2,062

Working Capital +138

Net investments +494

Dividends paid +270

Non-cash effects -87

-16%

in € million

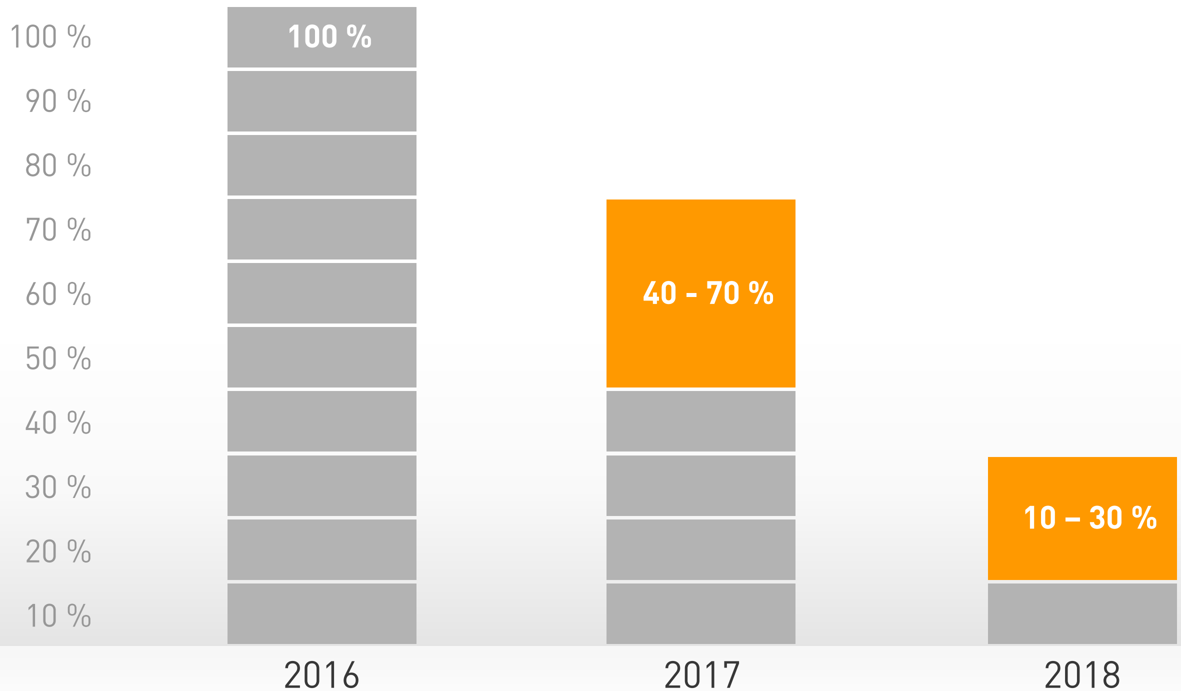
Adj. Net Debt 2015
in € million

6,736

Hedge levels

Hedge levels[1]

in %



[1] As of 31 December 2015

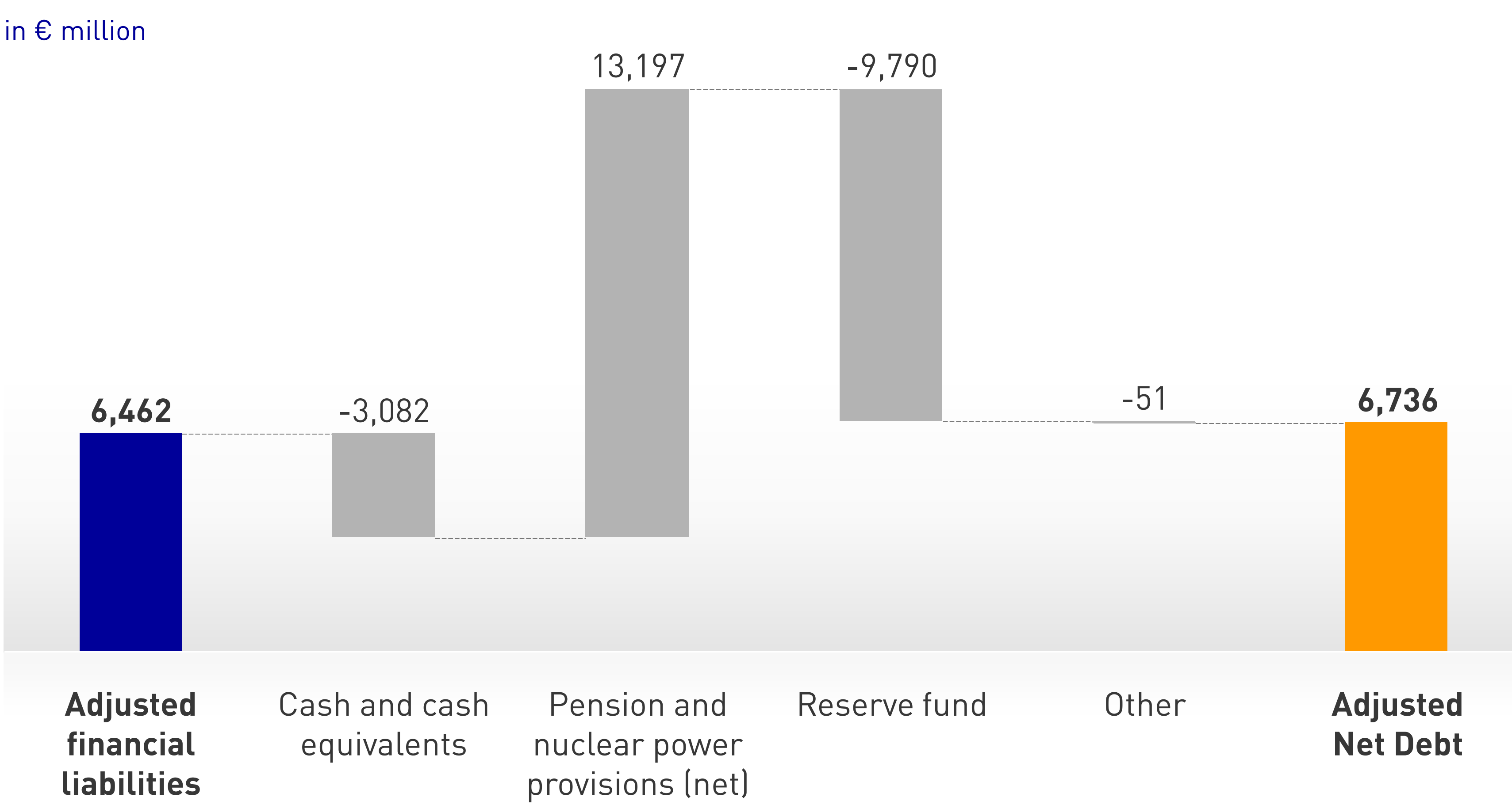
Non-operating result

Non-operating result

in € million

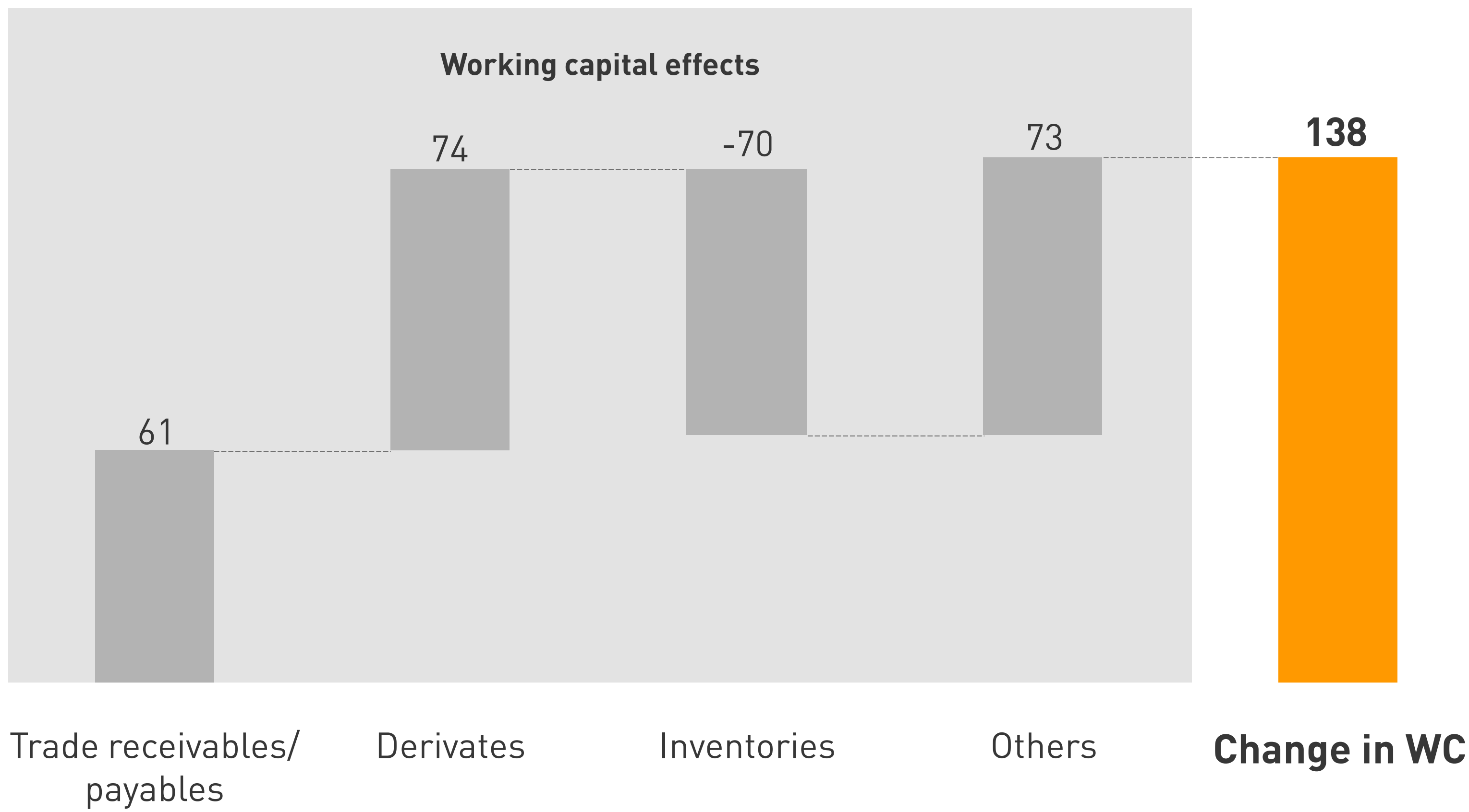
	2015	2014	Variance in %
Income/expenses relating to nuclear power	43.8	-30.1	–
Income from the reversal of other provisions	82.7	36.4	127.2
Result from disposals	52.1	96.3	-45.9
Addition to the provision for onerous contracts relating to electricity procurement agreements	-295.0	-433.6	32.0
Earnings from reversals of impairments	59.5	350.3	-83.0
Restructuring	-20.8	-45.0	53.8
Other non-operating result	-113.7	-4.4	–
Non-operating EBITDA	**-191.4**	**-30.1**	**–**
Impairment losses	-713.5	-1,260.3	43.4
Non-operating EBIT	**-904.9**	**-1,290.4**	**29.9**
Non-operating investment result	-114.0	-47.8	-138.5
Non-operating financial result	-99.8	-92.6	-7.8
Non-operating income taxes	284.3	473.8	-40.0
Non-operating Group net loss	**-834.4**	**-957.0**	**12.8**
of which loss shares attributable to non-controlling interests	(-7.6)	(-26.9)	71.7
of which loss shares attributable to the shareholders of EnBW AG	(-826.8)	(-930.1)	11.1

Calculation of **Adjusted Net Debt**



Change in Working Capital 2015

in € million



Income statement

Income

in € million

	2015	2014	Variance
Revenue	**21,166.5**	**21,002.5**	**164.0**
Changes in inventories/other own work capitalised	90.4	93.5	-3.1
Cost of materials	-17,364.7	-17,511.7	147.0
Personnel expenses	-1,641.3	-1,620.2	-21.1
Other operating income/expenses	-332.7	173.2	-505.9
EBITDA	**1,918.2**	**2,137.3**	**-219.1**
Amortisation and depreciation	-1,641.2	-2,137.2	496.0
EBIT	**277.0**	**0.1**	**276.9**
Investment and financial result	-2.8	-609.8	607.0
EBT	**274.2**	**-609.7**	**883.9**
Income tax	-73.7	206.9	-280.6
Group net profit/loss	**200.5**	**-402.8**	**603.3**
of which profit shares attributable to non-controlling interests	(75.6)	(63.1)	(12.5)
of which profit/loss shares attributable to the shareholders of EnBW AG	(124.9)	(-465.9)	(590.8)

Cash flow statement

Free cash flow

in € million

	2015	2014	Variance in %
Operating cash flow	**1,918.3**	**1,775.7**	**8.0**
Change in assets and liabilities from operating activities	137.7	-254.7	-
Interest and dividends received	380.6	323.5	17.7
Interest paid for financing activities	-375.1	-338.6	10.8
Funds from Operations (FFO)	**2,061.5**	**1,505.9**	**36.9**
Change in assets and liabilities from operating activities	-137.7	254.7	-
Capital expenditures on intangible assets and property, plant and equipment	-1,416.4	-1,704.4	-16.9
Cash received from disposals of intangible assets and property, plant and equipment	140.2	194.1	-27.8
Cash received from construction cost and investment subsidies	78.2	79.9	-2.1
Free cash flow	**725.8**	**330.2**	**119.8**

Generation and portfolio of the EnBW group

	Generation portfolio in MW		Own generation by primary energy source in GWh	
	2015	Share	2015	Share
Renewable Energies	**3,055**	**24%**	**7,725**	**14%**
Run-of-river	1,036	8%	5,270	9%
Wind onshore	247	2%	385	1%
Wind offshore	336	3%	760	1%
Storage/pumped storage (using natural flow of water)	1,322	10%	994	2%
Other	114	1%	316	1%
Thermal power plants	**9,872**	**76%**	**48,248**	**86%**
Brown coal	875	7%	5,734	10%
Hard coal	3,956	31%	14,330	26%
Gas	1,180	9%	817	1%
Nuclear	2,933	23%	25,283	45%
Pumped storage (not using natural flow of water)	545	4%	1,799	3%
Other	383	3%	285	1%
Total	**12,927**		**55,973**	

Sustainability is an integral part of the EnBW strategy

Corporate Sustainability at EnBW is integrated in:

- **Corporate strategy** ✓
- **Non-financial TOP KPIs** ✓
- **Stakeholder Management** ✓
- **Risk & opportunity analysis** ✓
- **Board remuneration** ✓

*„Sustainability forms a **central theme** of our **corporate culture**. Sustainability includes **fulfilling our customers' requirements** and **working together responsibly** with our business partners on the basis of values and regulations **along the entire value added chain**."*

Dr. Frank Mastiaux
CEO of EnBW

EnBW leading in various sustainability ratings

EnBW

Oekom research

oekom research

2015

C+

- ✓ Strong improvements in
  - ✓ Environment
  - ✓ Compliance
  - ✓ HR

Carbon Disclosure Project

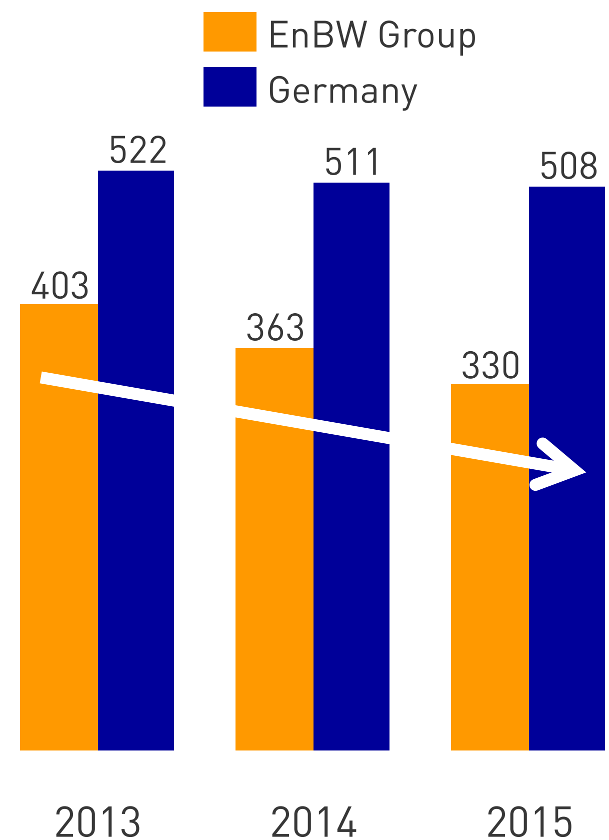
CDP
DRIVING SUSTAINABLE ECONOMIES

2015

99B

- ✓ EnBW is “Sector Leader Utilities "
- ✓ 99% transparency
- ✓ “B” refers to CO_2-performance

CO_2-Energy intensity of own electriticy generation, in steady decline



Non financial KPIs are part of the corporate Performance Management System

EnBW

Non financial KPIs are core elements for EnBW's performance

	KPI	2014		2015	Target 2020	
Customer	Satisfaction Index	114	↗	136	>136	› Strong customer orientation
Employees	Commitment Index	56	↗	60	65	› Strong employee commitment
Environment	Renewables capacity	19%	↗	24%	>40	› Frontrunner in Renewable Energies

Linking financial and „non financial“ indicators

Interdependencies of KPIs
(e.g. effects of efficiency measures)

Environment

+ RE capacity due to release of funds for expansion of RE

Employees

– Short term influence on ECI due to saving measures

+ ECI by ensuring EnBW's competitiveness through implementing the strategy

Implementation of efficiency measures in a segment

Finance

+ Adj. EBITDA

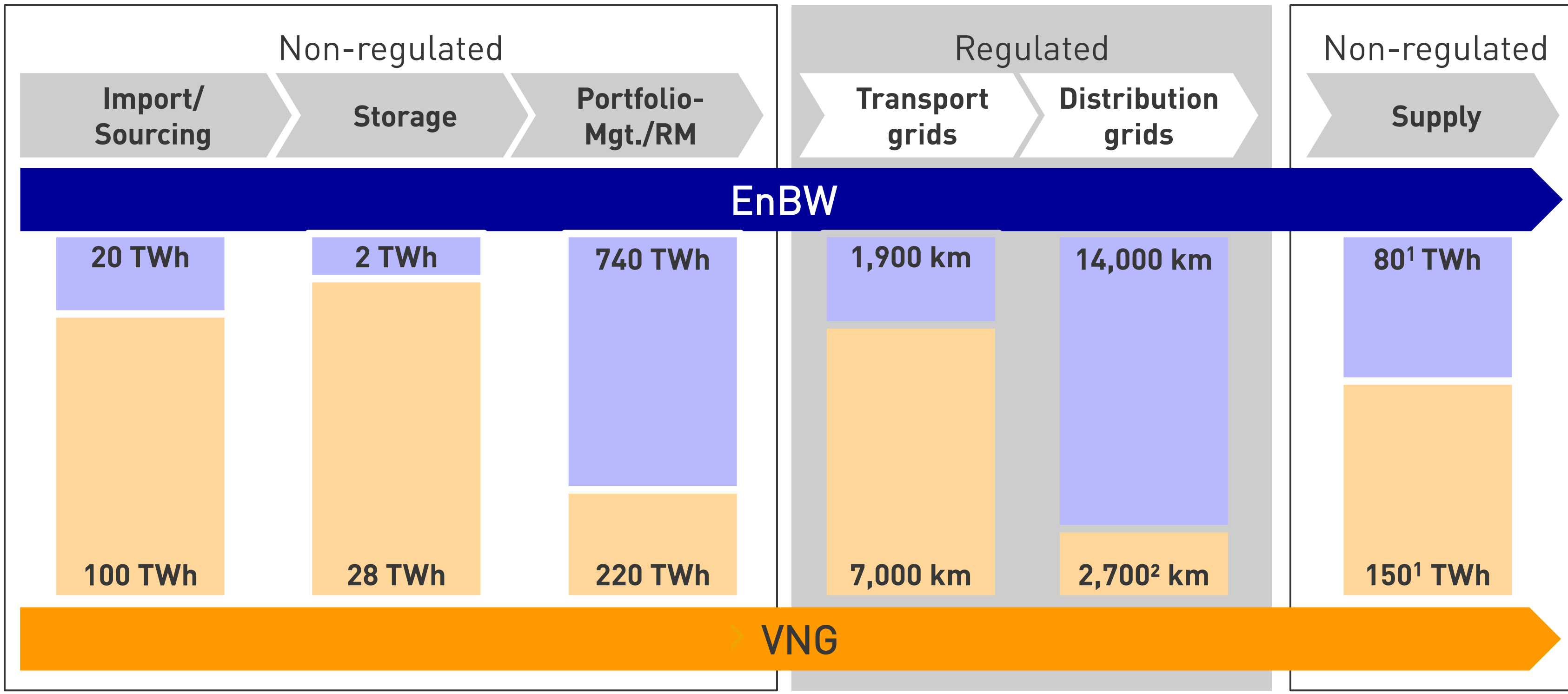
+ Dynamic leverage ratio due to increased adj. EBITDA

+ ROCE

Strategy

+ Share of adj. EBITDA accounted for by a segment

EnBW becomes fully integrated in the gas market



- ✓ A top 3 player in the German gas market
- ✓ Business diversification
- ✓ Expansion of regulated profit pool
- ✓ Cross selling opportunities
- ✓ Future EBITDA contribution of 20%
- ✓ Intelligent cooperation on equal terms

[1] of which international: EnBW 1 TWh; VNG 34 TWh
[2] Distribution grids in Poland

EnBW's flexible access to financing sources supports its strong liquidity position

Debt Issuance Programme

€ 7 billion

€ 3.5 bn utilised as of 31 Dec 2015

Hybrid bonds

€ 2 billion

Commercial Paper Programme

€ 2 billion

undrawn as of 31 Dec 2015

Syndicated credit line

€ 1.5 billion

undrawn as of 31 Dec 2015

- Maturity date: 2020
- Prolongation option 2016: one year

Bilateral short-term credit line

€ 472 million

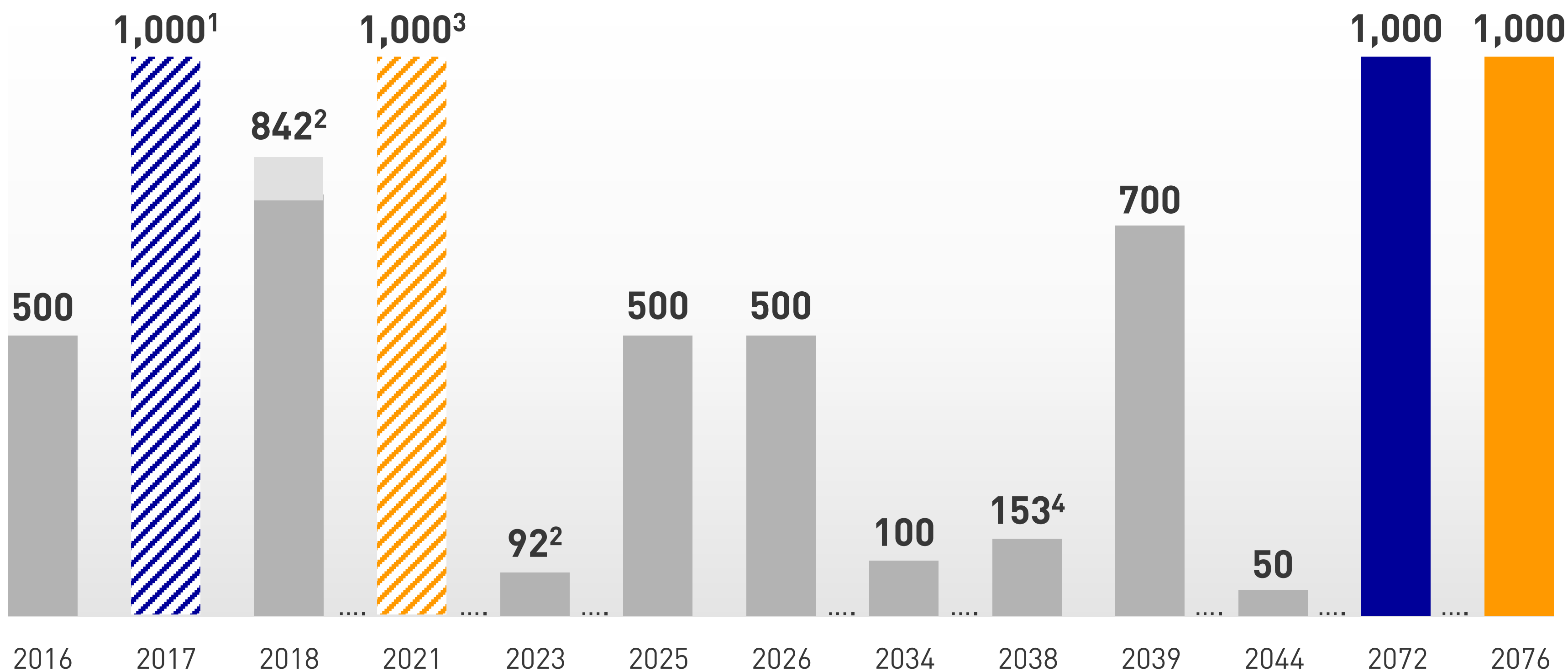
undrawn as of 31 Dec 2015

Project financing & low-interest loans from the EIB

Favourable maturity profile and proactive funding puts EnBW in a comfortable financing situation

Maturities of EnBW's bonds

€ million



[1] First call date of hybrid maturing in 2072
[2] Including CHF 100m converted as of the reporting date 31/12/2015
[3] First call date of hybrid maturing in 2076
[4] Nominal with conversion as of the reporting date 31/12/2015

Rating overview: a sound financial policy has allowed EnBW to maintain an "A" rating against the negative sector trend

EnBW

Moody's Investors Service | Standard & Poor's Ratings Services McGraw Hill Financial | Fitch Ratings

A3/negative

13 Feb 2016

- Strong financial profile
- Expectation that the company will maintain sufficient flexibility to accommodate weaker generation earnings as a result of low power prices
- Leadership position as a vertically integrated utility within Baden-Wuerttemberg
- Stable and predictable cash flows from low risk regulated networks and contracted generation such as renewables

A-/watch negative

14 Dec 2015/26 Feb 2016

- Strong regional competitive position
- Increasing share of operating income from low-risk regulated and quasi-regulated activities
- Adverse market conditions, particularly affecting power generation
- Uncertainty linked to the recommendation of the government-appointed Nuclear Commission in Germany on the financing of nuclear obligations; final decision will affect EnBW less than its German peers

A-/stable

25 Jan 2016

- VNG to increase diversification, transaction risks mitigated by regulated earnings
- Strategy execution risk and political risk remain
- Adequate liquidity, access to capital markets, well-funded position and financial flexibility
- Nuclear provisions are better funded than its German peers'

Since 2011
unchanged A3/A- Ratings
from Moody's, S&P and Fitch

EnBW's dividend policy gives sufficient flexibility to support financial strength

Operating performance:

EBITDA

Scope of the investment programme:

Net financial liabilities

↓ ↓

Dynamic leverage ratio =

$$\frac{\text{Adj. Net debt}}{\text{Adj. EBITDA}}$$

↓

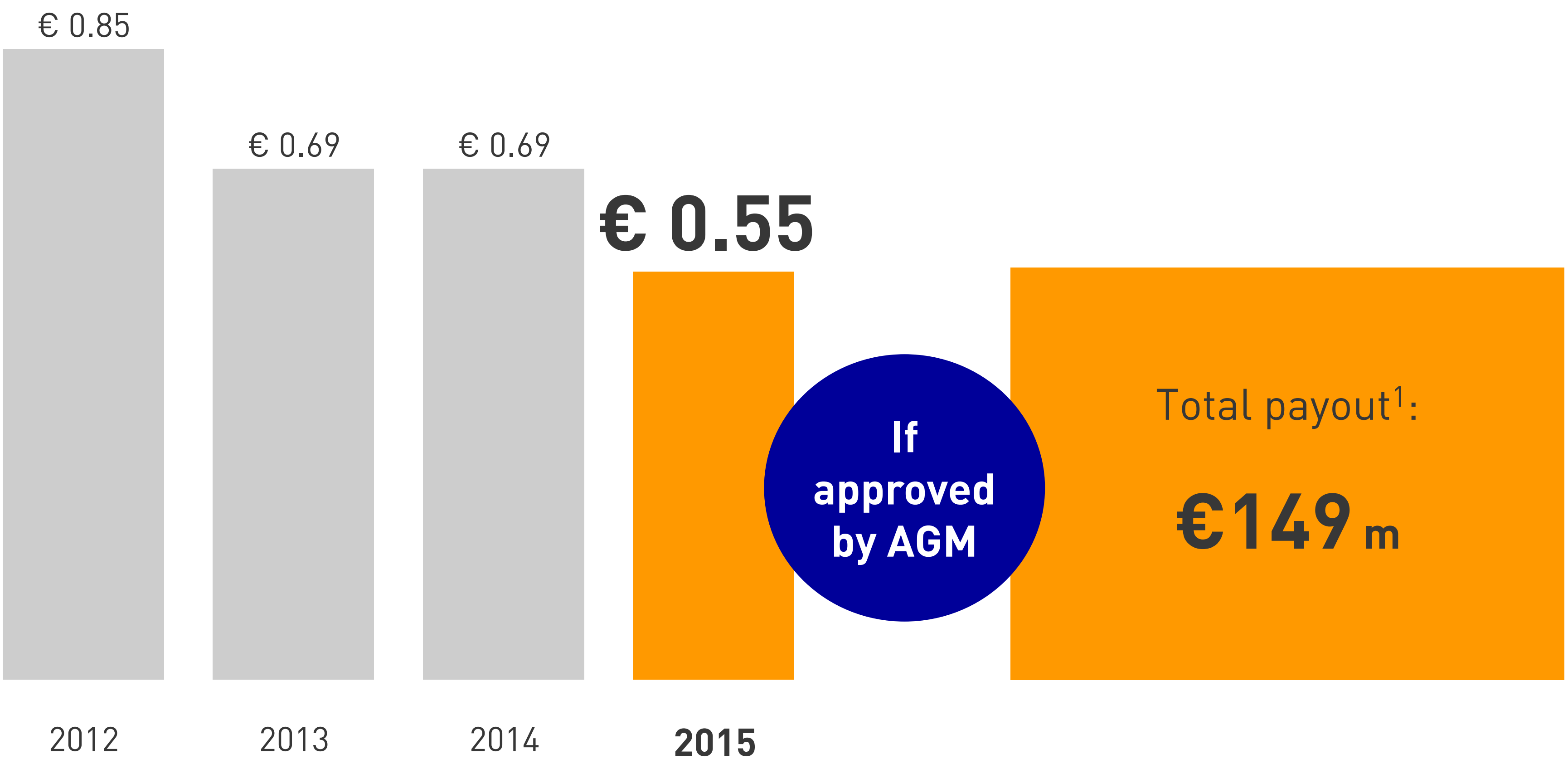
Adequate payout ratio:

~ 40% to 60% of **adjusted group net profit**

2 key levers influence dividend trigger

Dividend proposal reflects earnings development: € 0.55 per share

Dividend development

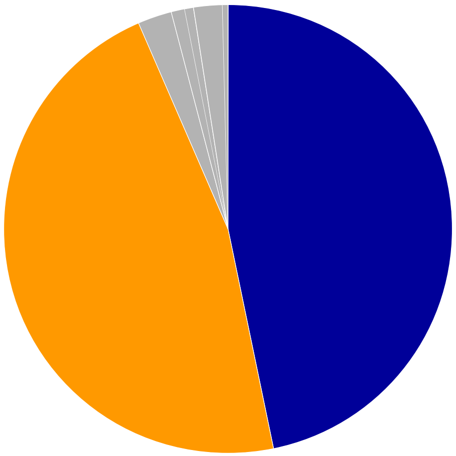


[1] The dividend payout ratio for the 2015 financial year, adjusted for the results of the sale of securities to the amount of €522.7 million, will be 34.7%.

Shareholders

Shareholder structure [1]

OEW Energie-Beteiligungs GmbH	46.75 %
NECKARPRI-Beteiligungsgesellschaft mbH[2]	46.75 %
Badische Energieaktionärs-Vereinigung	2.45 %
Gemeindeelektrizitätsverband Schwarzwald-Donau	0.97 %
Neckar-Elektrizitätsverband	0.63 %
EnBW	2.08 %
Other shareholders	0.39 %



Stock exchange information

ISIN/security ident. no.	DE0005220008/ 522000
Stock exchange abbreviation	Bloomberg EBK GY/reutersEBK/EBKG.DE
Transparency level	General Standard
Indices	General All Share, DAXsector All Utilities, CDAX
Number of shares	276,604,704
Class of share	Ordinary no-par value bearer shares
Stock markets	Regulated market: Frankfurt and Stuttgart Over-the-counter trading: Berlin and Munich

[1] Divergence from 100 percent possible due to rounding effects ; [2] 100% subsidiary of NECKARPRI GmbH which is a 100% subsidiary of the federal state of Baden-Württemberg

Financial calendar 2016

21 March	**Annual report: January–December 2015** Conference time: 03:00 pm
10 May	**Annual General Meeting 2016**
13 May	**Interim report: January–March 2016** Conference time: 01:00 pm
28 July	**Interim report: January–June 2016** Conference time: 01:00 pm
29 September	**Capital Market Day**
10 November	**Interim report: January–September 2016** Conference time: 01:00 pm

Events 2016

EnBW's team

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Chief Financial Officer

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